



Project Management, Engineering, and Environmental Services

September 13, 2012

Montana State Environmental Quality Council  
PO Box 201704  
Helena, MT 59620-1704

Dear Council Members,

This statement is presented on behalf of Mines Management Inc. in regards to the Montanore Mine Project. The Montanore Deposit is a world class copper and silver deposit located in northwest Montana, approximately 17 miles from the town of Libby, MT. The Montanore Project was fully permitted by Noranda Minerals Corp. (Noranda) in the early 1990's. The USFS, Montana DEQ, and the U.S. Army Corps of Engineers each authorized the project and it remained fully approved through the late 1990s; including a Final EIS, Record of Decision (ROD), and the Hard Rock Permit 150 which remains in effect.

The Project has gone through the State's non-degradation review process and been approved a modification to water quality standards establishing site specific criteria for certain constituents.

In 1993 metal prices dropped significantly and Noranda discontinued development of the project, leaving the site in a care and maintenance mode. Under contractual agreements between the two companies, if Noranda exited the project it would be reverted back to Mines Management. In 2005 Mines Management submitted an Amended Plan of Operations to the USFS and MDEQ and started the re-permitting process for the project.

In 2006 Mines Management acquired Noranda Minerals Corp. and subsequently the Hard Rock Permit 150 issued by the State for the project. This acquisition simplified the State's role in the overall permitting process.

A Draft EIS was completed in 2009 and a Supplemental Draft EIS was completed in 2011, both of these documents were publically reviewed and comments received.

Currently the ESA review is underway for both fisheries and terrestrial Biological Assessment's; USFWS estimates Biological Opinion's for both the fisheries and terrestrial Biological Assessments will be completed early 2013. The FEIS preparations are underway and a FEIS is scheduled to be completed mid-2013.

Annual payroll for the Project will be approximately \$15-20 million with a capital investment in excess of \$700 million. The current unemployment rate in Lincoln County is 12.6%; the highest in the state. The Montanore Mine Project would create over 400 construction jobs and provide 250-300 long-term well-paying jobs for the county. The indirect job numbers associated with the mining project could reach a multiplier of over 3 indirect jobs for every mining job. This will have a significant positive impact on the local economy. Local community, congressional, state, and city government support for the project has been unprecedented. This community has largely been very supportive of the project since it started over 20 years ago.

Since the project permitting process was initiated in 2005, there have been significant delays. Some of these delays can be attributed to elements specific to agency decisions as they relate to the active Permit 150 and what level of agency review is required to support the MEPA process. At this point, the company has worked with the agencies and believes we have reached a point where the process is now advancing forward in a positive manner. The uncertainty of the State process as it relates to existing and active permits can and does delay projects and the ability for companies like Mines Management to create jobs that are of high importance to the local community.

Currently, Montana's Congressional Delegation is actively involved in tracking the progress of the project with the various federal agencies. In June of 2012 five members of the House Natural Resource Committee sent a very pointed letter to the Secretaries of the Dept. of Agriculture and Department of Interior asking for them to provide project status updates to them and complete the process in 2012. We appreciate the increased awareness of the importance of completing these processes in a timely manner creating important natural resource jobs to communities in Montana. The schedule has slipped multiple times and we believe strongly that keeping the Council aware of the status will assist in maintaining the permitting schedule and appreciate the opportunity to discuss this important process today.

Regards,



Eric Klepfer